

Does your community
know who you are?

Veterinary technicians:
High demand, short supply

BONUS:
SURVEY REPORT ON
VETERINARY FEES

OCTOBER 1990

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

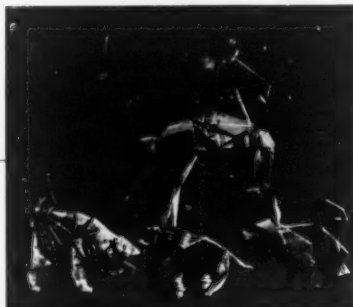
FEES AND THE QUALITY PRACTICE: HOW TO STAND OUT IN THE CROWD

COVER PHOTOGRAPH BY JEFFREY
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MEMO FROM THE EDITOR

Quality and service culminate in self-worth

A slew of economic newsletters are currently reporting that service is the key to survival in today's soft economy. The editors of one source, which covers and is sent to thousands of businesses nationwide, turned to veterinary medicine for an example of the service it takes to survive. The newsletter pointed out to its readers that, in the face of the slower economy, a chain of animal hospitals is now offering extended hours, a new house-call service, receptionists who've been to "telephone school," and a brochure on pet care. Note that all of these services are practice builders that directly respond to client needs. Note, too, that "lowered fees" is not on the list of new offerings.

In this month's cover story, you'll find that service equates closely with quality, another distinguishing mark in a soft economy and a crowded marketplace. The author, Dr. Thomas Catanzaro, takes on the rather daunting task of defining "quality," which, like "service," is always presented as a goal but rarely defined. Of course, "quality" is difficult to capture in words. Among many concrete definitions, Dr. Catanzaro adds that quality is magic—in fact, it's power. (If "service" seems easier to define, see the Forecasts item, "Defining Service," on page 9.)

Dr. Catanzaro also injects a well-deserved and much-needed shot of self-esteem into the veterinary arm. In a sentence that I would like to print in gigantic letters somewhere, he advises veterinarians to say to their clients:

"For this price, you get the high-quality care we just discussed, you get my staff, and you get me."

Think about that for a minute. *"For this price, you get me."* As far as I can tell, that's a pretty revolutionary statement in a profession that's quick to cut itself short when it comes to self-worth and to fees. It's also powerful commentary on the confidence you have every right to assert—and can no longer afford to ignore.

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FEES AND THE QUALITY PRACTICE: HOW TO STAND OUT IN THE CROWD

Quality is the management buzzword for the 1990s, but what, really, does it mean? As you consider the tenets that define and inspire a quality practice, take a look at the fees charged by a nationwide sample of your colleagues. Are you providing quality—and then charging what you're worth?

By Thomas E. Catanzaro, DVM, MHA

To be successful in today's crowded marketplace, a veterinarian must be different—in a meaningful way—from other veterinarians. No point is more powerful than *quality* in setting you apart in today's veterinary health-care system, but what, really, is quality? *American Heritage* defines it as "superiority of kind and degree"; I'll add that it is comprised of four ingredients:

1. Commitment. Quality is bred of caring and is the reflection of active involvement.

2. Process. Quality encompasses the care we take in, and control we exert over, the technical aspects of our daily operations.

3. Performance. Quality is reflected in how well we meet or exceed expectations during every client encounter.

4. Perception. Quality comes through in how the service or product compares to the client's

past personal experiences.

The elements of quality are the same whether you operate a small business or a major corporation. Consider, for example, the commitment of Ford Motor Company, the process expertise of Proctor & Gamble, the performance edge of American Airlines, and the perception of quality associated with Mercedes Benz. Unless your practice has all of these ingredients and you share them with your clients, you don't have quality.

Quality sets you apart

A commitment to quality requires a heavy investment in educating your clients and raising their "veterinary IQ." Our clients must be assisted in understanding and discerning quality in veterinary medical-care delivery. Why? Because to our clients, outcome and quality veterinary care are directly related: The better the outcome, the higher the quality.

The problem is that our clients

generally can't judge the precision of a surgical incision or the completeness of a laboratory profile evaluation. They can, however, judge cleanliness, a caring attitude, and how well they are treated during admission or discharge of their pets. Their perception depends largely on how well you communicate quality through your practice environment.

The tenets

To pursue quality in your practice, you first must understand it. These seven tenets can help guide the way:

1. Quality is relative. It exists only in relation to other things; it is a measurement. Quality provides a real use for that "other" practice down the street.

2. Quality is situational. An

Editor's note: Within and following Dr. Catanzaro's article, you will find current fee statistics compiled through the latest VETERINARY ECONOMICS financial survey. Nearly 1,000 of your colleagues responded to our questionnaire, which was mailed last May to 2,000 practitioners. (For more information about the survey, see the September issue, page 45.)

THE AUTHOR is hospital services director for the American Animal Hospital Association.

action or thing that is regarded as quality in one situation may not be quality in another. This fact is especially true in reference to ancillary health-care services.

3. Quality is dynamic. The changes are continuous. Today's excellence is often tomorrow's mediocrity. Equipment that is extraordinary by today's standards may be commonplace tomorrow.

4. Quality is made of symbols. The turned-down bed, the sign that says "Handmade in Germany," and a tuxedo all mean quality. Although board certification or the AAHA logo mean quality to veterinarians, they don't mean much to clients. We have to elevate our clients' veterinary IQ so they will understand the significance of these designations.

5. Quality is free. It is far cheaper to do it right the first time, especially in the long run. If one client complains, you can be sure that at least nine others are not telling you of their dissatisfaction. Also count on each of these nine telling 11 more.

6. Quality is magic. It has an aura. It is much more than the sum of its parts. When the quality is right, it glows and touches everything around it. Walt Disney captured the aura long ago; study his success story.

7. Quality is power. It holds immense market strength, pulls clients to your practice from across town, and causes pride in participation.

A plan of action

One problem with quality is that yesterday's superstars often are copied, and their prowess becomes commonplace in the current market. That's why we must constantly strive to do the unusual as if it were usual, and to do the usual in an unusual way. A veterinary practice owner needs to take charge in order to hold a dominant quality position. Consider the following tactics:

- **Position yourself with a high-quality market niche.** Be a leader in a specific service.
- **Develop a high-quality reputation within your chosen market niche.** Colleagues will refer to your service as a yardstick of excellence, whether it be ultrasound or boxer ear crops.
- **Concentrate resources across narrow fronts.** The vet-

1990 SURVEY RESULTS

HOW MUCH DO YOU CHARGE?

Practice type	Average client transaction fee for:	
	Clinical procedures and drugs	Merchandised products
All DVMs	\$39.60	\$20.40
Small animal	40.70	15.90
Mixed animal	29.20	16.30
Large animal	48.30	35.20
Equine	46.40	19.80



All figures are 1990 means (averages).
Source: VETERINARY ECONOMICS 1990 financial survey

erinary practice environment is like a cookie jar: It is filled with opportunities, but the real challenge is to *not* eat the whole jar. The science of veterinary health care is too broad and advancing too fast for practices to be all things to all patients and still maintain high quality.

• **Manage your image.** In some communities, the high-tech approach is important, while in others, a high-touch format is important. Tie your programs to clients' wants and perceptions.

• **Communicate better outcomes.** Talk about wellness, explain the better outcomes, and take the initiative. If you don't, another veterinarian will.

• **Use the "Taurus" approach.** The best-selling car in America is an assemblage of pieces that worked best on other cars. The people at Ford remembered that quality is a sum of the parts and communicated this advantage to the public.

When someone compares your prices to another practice, be comfortable with responding, "For this price, you get the high-quality care we just discussed, you get my staff, and you get me."

Quality price, quality product

The American consumer equates quality with a premium price. More accurately, consumers are comfortable paying a premium price for quality. Consider, for example, the successes of Rolex, Mercedes, and others who communicate a discernible difference in quality. The evidence points to

quality as a precursor to success.

If you make a commitment to quality, you can increase your market share. Quality also can have an impact on your profitability—especially in a veterinary practice, where overhead is basically a fixed cost. If your practice is dedicated to quality, you'll earn a higher return on investment than others who draw from the

same potential client base.

The key to veterinary health-care success is to differentiate along parameters meaningful to the client. For now—and probably for the rest of this century—the most powerful and meaningful parameter is the perception of quality.

For a look at current veterinary fees by practice type, see the charts on the following pages. ►

1990 SURVEY RESULTS

HOW DO YOU FARE IN THE FEE SCALE?

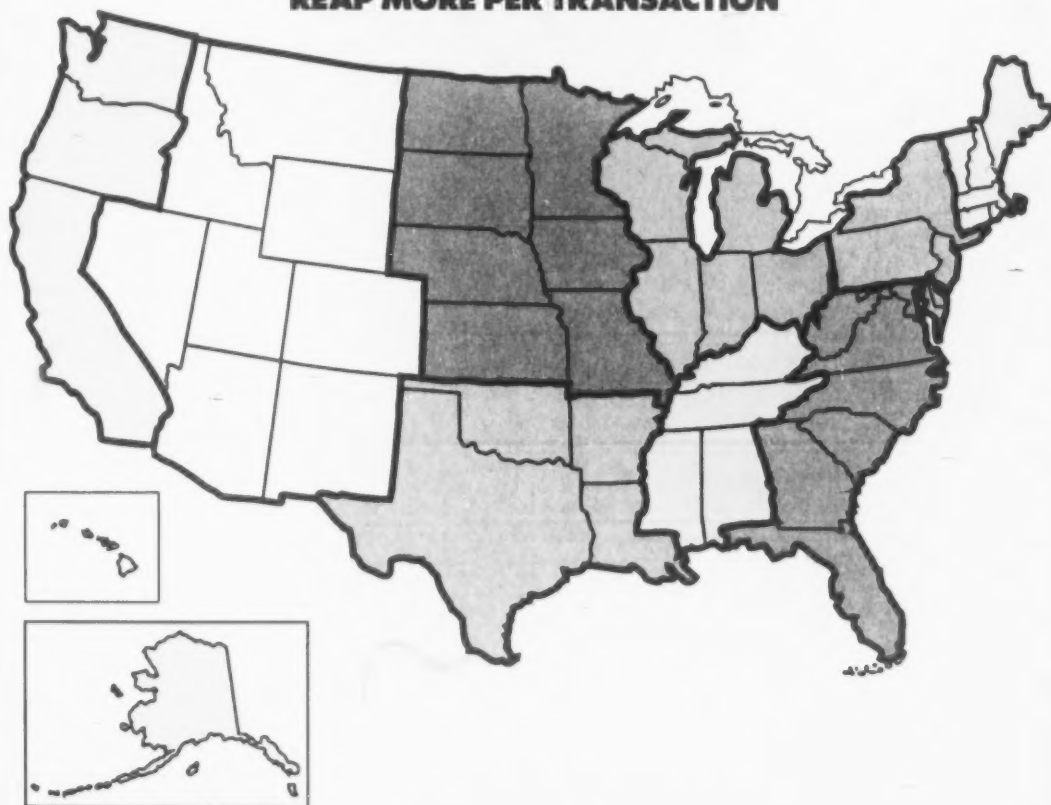
Nearly half of the survey respondents fall at the high end of the average client transaction fee scale.

Total average transaction fee	Percent of veterinarians
Less than \$20	6.2%
\$20-\$29	10.8%
\$30-\$39	16.2%
\$40-\$49	17.1%
\$50 or more	49.7%



Source: VETERINARY ECONOMICS' 1990 financial survey.

PACIFIC VETERINARIANS REAP MORE PER TRANSACTION



Pacific
\$59.10

Great Lakes
\$50.50

New England
*

Mountain
*

Mid-South
*

Mid-Atlantic
\$55.60

South Central
\$54.40

Plains
\$48.50

South Atlantic
\$57.10

All figures are 1990 means (averages).

Average client transaction fees listed here include charges for clinical procedures, drugs, and merchandised products.

*Base is insufficient. Source: VETERINARY ECONOMICS' 1990 financial survey.

SMALL ANIMAL PRACTITIONERS' FEES

Total average client transaction fee*	\$53.90
Office call (includes exam)	\$20.10
Lab analysis:	
Urinalysis	\$13.30
Fecal	\$ 8.90
Serum chemistry profile	\$35.10
CBC	\$18.00
Heartworm test	\$15.50
Feline leukemia test	\$21.40
Vaccinations:	
Dog	\$28.70
Cat	\$27.60
Fee for procaine penicillin G injection:	
30-lb dog	\$10.00
8-lb cat	\$ 9.70
Hospitalization (including daily exam and boarding):	
30-lb dog	\$19.20
8-lb cat	\$17.60
Daily boarding, 30-lb dog	\$ 8.40

Daily boarding, 8-lb cat	\$ 6.90
Ovariohysterectomy (inc. anesthesia and hosp.):	
30-lb dog	\$77.50
8-lb cat	\$60.70
Diagnostic X-ray series (including sedation):	
2 or fewer films	\$54.90
3-6 films	\$85.90
Procedures and treatments:	
Heartworm treatment	\$196.30
Dental scaling (dog, no extractions)	\$52.90
Deworm 30-lb dog	\$12.70
Deworm 8-lb cat	\$ 9.70



All figures are 1990 means (averages).

*Includes clinical procedures, drugs, and merchandised products. Source: VETERINARY ECONOMICS 1990 financial survey.

FEES

1990 SURVEY RESULTS

MIXED ANIMAL PRACTITIONERS' FEES

Total average client transaction fee ¹	\$46.90
Office call (includes exam)	\$14.90
Fecal	\$-6.40
Vaccinations:	
Dog	\$22.00
Cat	\$19.70
Horse	\$20.50
Livestock	\$ 4.50
Farm call:	
Mileage charge (cents per mile)	\$ 1.00
Exam charge per animal	\$11.20
Average total charge per animal	\$30.40 ²

Hospitalization (including daily exam and boarding):	
30-lb dog	\$9.70
8-lb cat	\$ 8.50
Bovine	\$10.50
Equine	\$11.70
Daily boarding, 30-lb dog	\$ 6.00
Daily boarding, 8-lb cat	\$ 4.90
Ovariohysterectomy (inc. anesthesia and hosp.):	
30-lb dog	\$58.50
8-lb cat	\$46.30
Diagnostic X-ray series (including sedation:)	
2 or fewer films	\$39.10
3-6 films	\$58.20



All figures are 1990 means (averages).

¹Includes clinical procedures, drugs, and merchandised products.

²Includes all medical work performed.

Source: VETERINARY ECONOMICS 1990 financial survey.

**1990
SURVEY RESULTS**

EQUINE PRACTITIONERS' FEES

Total average client transaction fee¹	\$61.50
Office call (includes exam)	\$23.70
Lab analysis:	
Coggins test	\$18.20
Fecal	\$ 8.30
CBC	\$18.60
Vaccination	\$23.50
Farm call:	
Mileage charge (cents per mile)	\$ 1.00
Exam charge per animal	\$17.10
Average total charge per animal	\$44.30 ²
Radiography:	
Two views	\$35.20
Navicular series (per foot)	\$56.20
Hospitalization (including daily exam and boarding)	\$23.30
Fertility workup (female)	\$81.50
Breeding soundness exam (male)	\$120.10

Lameness exam	\$33.10
Procedures and treatments:	
Deworming (one time)	\$ 16.80
Castration	\$104.80
Float teeth	\$ 25.30
Suture skin laceration (per half hour)	\$ 57.30
Intensive neonatal care (one-day)	\$122.70
Medical treatment for colic (exc. exam)	\$ 70.70



¹Includes clinical procedures, drugs, and merchandised products. All figures are 1990 means (averages).

²Includes all medical work performed. Source: VETERINARY ECONOMICS 1990 financial survey.